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SUBJECT: HUMANITARIAN IMPLICATIONS OF DELAYED USG
FUNDING TO SOMALIA

SUMMARY

¶1. USG humanitarian funds for assistance to Somalia are frozen at a critical time when humanitarian conditions are deteriorating, humanitarian funding is not keeping pace with rising needs, and donors forecast decreased funding on the horizon. Lack of resolution within the USG regarding funding to Somalia due to US Department of Treasury Office of Foreign Asset Control (OFAC) licensing restrictions, threatens the ability of U.S. Agency for International Development (USAID) Office of U.S. Foreign Disaster Assistance (OFDA) and Office of Food for Peace (FFP) partners to continue to implement life-saving programs. A cessation of USAID-funded humanitarian programs will not only adversely affect the broader humanitarian system in Somalia but may increase insecurity and threaten relations between partners and community members as well as endanger relations between the USG and the Somali people. The continued delay of humanitarian assistance will have a devastating impact on the 3.2 million Somalis in need of life-saving assistance. End summary.

A CRITICAL HUMANITARIAN SITUATION

¶2. As of July 2009, international humanitarian agencies estimated that 3.2 million Somalis, or approximately 43 percent of the population, require emergency humanitarian assistance. According to the U.N., recent escalation in fighting between Somalia's Transitional Federal Government forces and armed militia groups in Mogadishu has resulted in the displacement of more than 200,000 people from Mogadishu since May 7, most of whom have moved to the Afgooye corridor joining more than 400,000 others displaced since 2007. The U.N. High Commissioner for Refugees

(UNHCR) has reported that recently displaced people are in urgent need of shelter and other emergency relief supplies. In addition, violence, increasingly targeting women, has disrupted trade and market activities, further exacerbating food insecurity and widespread malnutrition.

¶3. According to a June 12 Somalia Food Security and Nutrition Analysis Unit (FSNAU) report, the northern regions are experiencing emerging drought due to recent rain failure and the central regions are experiencing prolonged drought following five consecutive seasons of rain failure. FSNAU estimates that in the central regions, 60 percent of the population is classified either in acute food and livelihood crisis or humanitarian emergency due to drought, hyperinflation, and conflict, which have affected internally displaced people (IDP), as well as rural and urban populations. May nutrition surveys confirm that the nutrition situation is classified as critical and remains above the emergency threshold with global acute malnutrition (GAM) rates between 15.3 and 18.0 percent and in some areas as high as 25 percent. Humanitarian partners warn that based on current trends, malnutrition is likely to worsen in the near future.

¶4. Recent U.N. assessments indicate the continuation of widespread food insecurity in many parts of the country through November 2009 and estimate that nearly 1.3 million IDPs throughout Somalia could be affected by deteriorating humanitarian conditions through the next six months.

HUMANITARIAN SHORTFALL

¶5. U.N. and non-governmental organization (NGO) officials have noted that humanitarian funding is not keeping pace with rising needs in Somalia. Despite increased needs, donors forecast lower funding levels this year, due in part to currency depreciation, especially for European donors. In addition, many donors that received supplemental funding in 2008 to support humanitarian response to global food and fuel price increases are not expecting to receive the same level of funding this year.

¶6. As of July 8, 2009, contributions to the U.N.-led Consolidated Appeals Process (CAP) stood at 49 percent of the estimated USD 918 million necessary for humanitarian operations in Somalia. Critical sectors, including health, and water, sanitation, and hygiene (WASH), are funded at 35 percent and 18 percent respectively. The U.S. government is the largest donor to the CAP providing nearly 21 percent of current CAP contributions for Somalia, mostly in the form of food aid.

CONTEXT OF USG HUMANITARIAN FUNDING TO SOMALIA

¶7. USAID supports humanitarian services targeting 3.2 million vulnerable Somalis. To date in FY 2009 the USG has provided more than USD 149 million for humanitarian assistance programs in Somalia, including more than USD 9 million through USAID/OFDA to support agriculture and food security, economy and market systems, refugee assistance, health, nutrition, protection, and WASH interventions. To date in FY 2009 USAID/FFP has contributed nearly 160,000 metric tons (MT) of P.L. 480 Title II emergency food assistance, valued at USD 124 million in food aid for Somalia; reaching more than 2.7 million people and accounting for half the total food aid donations for the country.

¶8. Since 1991, USAID has provided more than one billion USD in humanitarian assistance to Somalia, including more than USD 247 million in life-saving water, sanitation, nutrition, protection, and health care interventions, and more than USD 752 million in food aid, 40 percent of which has been in the last two fiscal years.

OFAC LISCENSE AND CONTINUED FUNDING DELAYS

¶9. The USG has frozen humanitarian funding to Somalia, pending discussions between USAID, the U.S Department of State, and the Department of Treasury regarding the need for an OFAC waiver due to Al-Shabaab's designation as a terrorist organization. The continued delay of humanitarian assistance funds is likely to have a devastating and long-lasting impact on humanitarian operations in Somalia and on the 3.2 million Somalis in need of life-saving assistance.

HEAVY COST TO HUMANITARIAN CAPACITY

¶10. In early July, USAID/OFDA queried humanitarian partners working in southern Somalia regarding the expected impact of a prolonged funding delay. The

partners indicated that a continued delay in funding would likely result in the rapid scaling down of critical humanitarian activities. Many partners indicated that programs are at risk in the coming weeks pending approval of no-cost extensions and, in the absence of approval, organizations may need to halt planned program activities. A few partners suggested that through internal emergency funding mechanisms such as pre-financing, organizations may be able to retain key staff for up to one month beyond the fourth quarter of the fiscal year. However, funding delays beyond this point will most likely require partners to lay-off local and international project staff and totally suspend USAID/OFDA-funded activities.

¶11. Humanitarian partners caution that closing down USAID/OFDA-funded programs may nullify achievements made, successes gained, and relationships developed with beneficiary communities. In addition, humanitarian partners warned that if most or all USAID/OFDA partners experiencing delayed funding resort to closing down programs then a large number of local staff may be laid off not only decreasing overall partner capacity but possibly contributing to a favorable environment for recruitment of unemployed youth by violent and terrorist elements and resulting in a degradation of the operating environment for other humanitarian actors in the field.

¶12. Humanitarian partners expect that suspension of USAID/OFDA funded activities could result in grievances towards USAID and USAID partners from community members affected either by lack of services at a critical time or by unemployment of family members laid-off by USAID partners. Community grievances are expected to increase insecurity for remaining humanitarian staff and would likely obstruct resumption of programs following resolution of the funding freeze. In addition, partners warn that closing programs may also result in looting of program assets.

IMPACT OF DELAYED FUNDING ON SOMALI PEOPLE

¶13. In many locations USAID/OFDA-funded partners are the only humanitarian organizations operating or providing particular services. For example, since the

recent security related exit of a humanitarian partner from the Lower Juba Region, one USAID/OFDA-funded humanitarian partner remains the only NGO operating in the region. If USAID/OFDA support is suspended, people in the region will be forced to face chronic food and livelihood insecurity without external support and may be forced to move in search of food, water, pasture, and security. Partners caution that people moving in search of humanitarian support may result in increased population movements toward the Kenyan border and already congested refugee camps. In addition, any reduction in humanitarian assistance increases the risk of local community intolerance toward displaced people from the south and increases IDPs susceptibility to extremism.

¶14. WASH remains a critical sector in Somalia. All partners queried provide WASH services in key locations throughout Somalia. Partners warned program closure could result in increased incidence of communicable disease, morbidity, and mortality due to limited WASH services; especially considering recent U.N. World Health Organization reports of increasing cholera outbreaks. One organization estimated that without USAID/OFDA support 280,000 displaced or emergency

affected people will lack access to safe water through USAID/OFDA-funded program activities. In addition, USAID/OFDA WASH partners caution that when boreholes stop working, pastoralists move to other boreholes that remain operational resulting in a greater number of animals moving to bordering regional areas and increasing the burden on grazing. Conflict may arise between different groups and clans as they seek access to grazing and water in areas where there are no cross-group or clan grazing rights. WASH partners warn that delayed funding may result in increasing rural-urban migration as pastoralists cannot maintain their herds without water supplies. Population movements may also result in growing population density in towns causing increased levels of sanitation related diseases.

¶15. USAID/OFDA funding plays a vital role in addressing the worsening nutritional status of children under five years of age. Three partners reported that continued funding delays would severely affect at least 25,600 malnourished children currently being treated through USAID/OFDA-funded programs.

¶16. All USAID/OFDA humanitarian partners queried reported that long-term funding delays would result in the need to lay-off more than 210 local staff members affecting support to approximately 1550 immediate family members. [Note: This number represents of a small pool of seven partners. USAID/OFDA supports at least 20 partners in Somalia, therefore the real impact of program closure on local staff and immediate family members is expected to be as much as three times as great as the impact estimated by the seven partners operating in southern Somalia. End Note.] The resulting unemployment will increase the probability of relapse into harmful activities by youth through recruitment into piracy, Al-Shabaab, and other groups due to lack of meaningful ventures to apply their skills. Partners warn that staff layoffs may cause small household economies that are now sprouting to fall into recession and possibly destitution. In addition, resource-based conflict may increase resulting in further displacement of communities.

¶17. Food aid provided through USAID/FFP is a major component of USG humanitarian assistance to Somalia. The U.N. World Food Program (WFP), FFP's primary food partner, recently reported that continued effectiveness of the Somalia country program relies heavily on USG contributions. For example, USG contributions to WFP amount to 54 percent of total WFP contributions in 2009 and more than 56 percent in 2008. Delayed funding to

USAID food aid partners would have a devastating impact on the 2.7 million people currently benefiting from food distributions leaving them susceptible not only to hunger, malnutrition, and further displacement, but also to manipulation and recruitment by extremist groups.

LONG-TERM IMPACT TO HUMANITARIAN PROGRAMS

¶18. Humanitarian partners note that when USG humanitarian funding resumes, partners will face serious financial burdens as well as poor relations with the local community that may prevent partners from restarting programs. Laid-off local staff members that represent a great financial investment in training, may have moved on to other positions requiring partners to re-invest in training new staff members. The financial burden to replace looted assets and to rehire and retrain staff may be cost prohibitive. In addition,

hostilities created between staff and local communities during close-out may make it difficult to restart program activities at a later date.

¶19. Partners report that long-term funding delays may result in a lack of capacity for the organization as a whole. Recently, a USAID/OFDA humanitarian partner closed programs in the South and Central regions following credible Al-Shabaab threats. Since program closure in the two regions, the organization has experienced reduced emergency response capacity particularly in food programming and disruptions in service delivery resulting and widening humanitarian gaps throughout the humanitarian community in Somalia.

IMPACT OF DELAYED FUNDING ON HUMANITARIAN SYSTEM

¶20. The USG has been an active participant in improving humanitarian coordination. Long-term delay of USG humanitarian funding may damage investments in coordination, partnerships, and linkages between programs and activities in various sectors. For example, one partner noted that USAID/OFDA-funded WASH, nutrition, and agriculture and livelihoods activities are designed to complement U.K Department for International Development (DFID)-funded health interventions. In addition the connection between access to WASH services and improved nutrition levels in children has long been recognized as an issue of coordination. Health partners coordinate and connect USAID/OFDA-supported WASH programs with WFP-targeted feeding programs reaching severely and moderately malnourished children. Postponement of the USAID/OFDA funded water programs will undermine efforts to improve nutrition levels of affected children.

¶21. Delay in USAID/OFDA funding to U.N. agencies may slow or stop the pipeline of emergency relief supplies to many NGOs including those that may not be USAID/OFDA-funded but are a part of the broader humanitarian system. For example, a U.N. partner uses USAID/OFDA funds to provide nutrition supplies to several international NGOs. Delayed funding to U.N. agencies would have a serious impact on many humanitarian partners operating in Somalia, including those not funded by USAID/OFDA.

¶22. An essential component to humanitarian coordination is access and availability of information regarding the situation in the field and information sharing. Withdrawal of USAID humanitarian partners due

to long-term funding delays will result in significant difficulties in obtaining first-hand information, data, and statistics on the humanitarian situation in various locations throughout Somalia including some difficult to reach districts where very few NGOs operate.

COMMENTS

¶23. Since there is no fully functioning government or system of governance that is capable of delivering services currently provided by humanitarian actors, anytime a donor or NGO exits, the burden of responsibility for services is directly transferred to the local communities. The local communities not only lack capacity but are preyed upon by Al-Shabaab, and other groups that leverage poverty to garner support.

¶24. Maintaining consistent levels of funding for international organizations, U.N. agencies, and NGOs providing frontline assistance to IDPs and vulnerable host communities is critical. USAID/OFDA implementing partners must be able to maintain and expand capacity-building and supportive relationships with groups that are better able to rapidly respond to emergencies in insecure environments including local NGOs, community based organizations, and district and regional authorities.

¶25. Despite the difficult operating environment, the USG has continuously provided humanitarian assistance to Somalia since 1991. There is no known precedent for halting humanitarian assistance, even in countries known to host terrorist groups. The current humanitarian crisis in Somalia is the worst since the early 1990s and a delay or cessation in USG humanitarian assistance will further compound the crisis.

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